



AFFORDABLE CARE ACT MASSACHUSETTS IMPLEMENTATION UPDATE

July 15, 2011

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These Updates, published by the Executive Office of Health and Human Services (EOHHS) in consultation with the other state agencies involved in ACA implementation, will bring you news related to the implementation of provisions of the ACA here in Massachusetts.

Guidance

7/11/11 HHS announced **two proposed rules providing states with guidance and options on how to structure their health insurance exchanges** in two key areas: 1) Setting standards for establishing exchanges, setting up a Small Business Health Options Program (SHOP), performing the basic functions of an exchange, and certifying health plans for participation in the exchange, and; 2) Ensuring premium stability for plans and enrollees in the exchange, particularly in the years when new people come in to exchanges to shop for health insurance. HHS notes that starting in 2014, exchanges will make it easy for individuals and small businesses to compare health plans, get answers to questions, find out if they are eligible for tax credits for private insurance or health programs like the Children's Health Insurance Program (CHIP), and enroll in a health plan that meets their needs. HHS also announced that states can choose to develop an exchange in partnership with the federal government or develop these systems themselves. HHS said it would offer timing flexibility by certifying exchanges that may not be ready by the January 1, 2013 deadline as qualified on a contingency basis, as long as they're ready by October 1, 2013.

The first proposed rule, **Establishment of Exchanges and Qualified Health Plans**, §1311, §1321 of the ACA (1) establishes the federal requirements that states must meet if they elect to establish and operate an exchange; (2) outlines minimum requirements that health insurance issuers must meet to participate in an exchange and offer qualified health plans (QHPs); and (3) provides basic standards that employers must meet to participate in the Small Business Health Options Program (SHOP). The rule is intended to provide states with substantial discretion in the design and operation of an Exchange. Comments are due September 28, 2011.

Read the rule, which was published on July 15, 2011 at:

<http://www.gpo.gov/fdsys/pkg/FR-2011-07-15/pdf/2011-17610.pdf>

The second proposed rule, **Standards Related to Reinsurance, Risk Corridors and Risk Adjustment**, §1341, §1342, §1343 of the ACA, would implement standards for states and health insurance issuers related to reinsurance and risk adjustment. The ACA set up three risk-mitigation programs to offset market uncertainty and risk selection to maintain the viability of exchanges. These programs will mitigate the impact of potential adverse selection and stabilize premiums in the individual and small group markets as insurance reforms and the exchanges launch in 2014. This proposed rule gives states options in designing and administering these programs. Comments are due on September 28, 2011.

Read the rule, which was published on July 15, 2011 at:

<http://www.gpo.gov/fdsys/pkg/FR-2011-07-15/pdf/2011-17609.pdf>

Read the HHS press release at:

<http://www.hhs.gov/news/press/2011pres/07/20110711a.html>

For more information on exchanges, including fact sheets, visit:

<http://www.healthcare.gov/exchanges>

Prior guidance can be viewed at: www.healthcare.gov.

News

7/12/11 Meeting by conference call, members of the National Association of Insurance Commissioners (NAIC) **executive committee declined to hold a full vote to endorse a congressional measure that would exempt agents' and brokers' commissions from the medical loss ratio (MLR) requirements in the ACA.** While the Professional Health Advisory (EX) Task Force previously recommended endorsing Rep. Mike Rogers' bill- which has the bipartisan support of 100 cosponsors but has not yet been marked up in committee- support for the Rogers bill is not the NAIC's official position. This development is significant because the NAIC has been influential in advising the federal government's implementation of the ACA.

Under the ACA, insurance companies in the individual and small group market must spend at least 80% of premium dollars on medical care or quality improvements rather than administrative costs. The brokers' fees are considered administrative costs, and brokers claim that means insurance companies are reducing their fees in order to decrease administrative expenses.

Read the agenda and related materials from the July 12, 2011 conference call at:

http://www.naic.org/committees_ex.htm.

7/8/11 HHS announced that **nearly 4,500 organizations, including over 2,000 hospitals, have pledged their support for the Partnership for Patients**, an HHS nationwide patient safety initiative launched in April 2011. In less than three months, the Administration has met its goal of having 2,000 hospitals pledge their support. The Partnership for Patients is a public-private partnership which aims to encourage collaboration between hospitals, medical professionals, insurers, employers and patients so that best practices can be learned and shared and care is safer and less costly. The Partnership's two goals are reducing harm in hospital settings by 40% and reducing hospital readmissions by 20% over a 3-year period.

The ACA created two sources of funding for the partnership. The **Community-Based Care Transitions Program** provides \$500 million for community-based organizations to help patients transition out of the hospital. For information on the Community Based Care Transition Program visit: [CMS](http://www.cms.gov).

The **CMS Innovation Center has posted a request for bids** for state, regional, national or hospital system organizations to manage improvement projects that affiliated hospitals are able

to join. Solicitations for proposals are available on the Federal Business Opportunities website at: [FBO](#).

For further information on the Partnership for Patients initiative visit:

<http://www.healthcare.gov/partnershipforpatients>.

7/8/11 HHS announced **three new initiatives to help states improve the quality and lower the cost of care for individuals who are eligible for both Medicare and Medicaid**, known as "dual eligibles."

The announcement included: 1) **A demonstration program to test two new financial models** designed to help states improve quality and share in the lower costs that result from better coordinating care for individuals enrolled in Medicare and Medicaid. CMS provided guidance to states in a State Medicaid Director letter on a new demonstration designed to align financing between Medicare and Medicaid to support improvements in the quality and cost of care for individuals eligible for Medicare and Medicaid through two models. States that are interested in pursuing these models are asked to submit a Letter of Intent to CMS to begin the planning process by October 1, 2011.

2) **A demonstration program to help states improve the quality of care for people in nursing homes** by providing these individuals with the treatment they need without having to unnecessarily go to a hospital. Starting this fall, CMS will competitively select independent organizations to partner with and implement evidence-based interventions at interested nursing facilities. These interventions could include using nurse practitioners in nursing facilities, supporting transitions between hospitals and nursing facilities, and implementing best practices to prevent falls, pressure ulcers, urinary tract infections, or other events that lead to poor health outcomes and expensive hospitalizations.

3) **A technical resource center** available to all states to help them improve care for high-need high-cost beneficiaries. This resource center will provide technical assistances to states at all levels of readiness to better serve beneficiaries, improve quality and reduce costs.

Read the press release at:

<http://www.hhs.gov/news/press/2011pres/07/20110708a.html>.

Read a blog post by CMS Administrator Don Berwick at:

<http://www.healthcare.gov/news/blog/seniors07082011.html>.

Read the State Medicaid Director Letter at: [CMS](#).

7/7/11 A new **analysis from the Employee Benefit Research Institute (EBRI) finds that workers may prefer to enter health insurance exchanges** over keeping employment-based health coverage if the tax treatment for health benefits through work is eliminated or significantly cut back as part of the federal debt-reduction effort. EBRI suggests that policymakers may need to consider changing the tax status of employment benefits in order to raise needed federal revenue since the current tax preference associated with employment-based health coverage is one of the largest tax expenditures in the federal budget. EBRI is a private, nonprofit research institute that focuses on health, savings, retirement, and economic security issues.

Read the report: http://www.ebri.org/pdf/briefspdf/EBRI_IB_07-2011_No360_Taxes-HI.pdf.

Read the press release: <http://www.ebri.org/pdf/PR930.07July11.HI-Taxes.pdf>.

EOHHS News

7/12/11 The Office of Medicaid **submitted comments to CMS in response to a Request for Information on Opportunities for Alignment under Medicaid and Medicare** under §2602 of the ACA. The comment period has closed but a link to the May 16, 2011 Federal Register notice containing the solicitation can be read at: <http://www.gpo.gov/fdsys/pkg/FR-2011-05-16/pdf/2011-11848.pdf>.

The Office of Medicaid comment letter on Opportunities for Alignment under Medicaid and Medicare under §2602 of the ACA can be viewed online at our website, under the State and Federal Communications Section at: [MassGov](http://www.mass.gov).

Upcoming Events

Consumer focused Meeting

Integrating Medicare and Medicaid for Dual Eligible Individuals

July 21, 2011, 10am -12pm

1 Ashburton Place, 11th floor, Matta Conference Room

Boston, MA

Integrating Medicare and Medicaid for Dual Eligible Individuals

August 31, 2011, 10 am- 12pm

Saxe Room, Worcester Public Library

Worcester, MA

Remember to visit the **Massachusetts National Health Care Reform website** at: www.mass.gov/nationalhealthreform for periodic updates.

Don't forget to check <http://www.mass.gov/masshealth/duals> for updates on the new **"Integrating Medicare and Medicaid for Dual Eligible Individuals"** initiative.